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**WEST JEFFERSON MEDICAL CENTER**  
**SAVINGS AND RETIREMENT PLAN**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

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A Professional Accounting Corporation

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**WEST JEFFERSON MEDICAL CENTER**  
**SAVINGS AND RETIREMENT PLAN**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

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## Report of Independent Auditors

Board of Directors  
West Jefferson Medical Center  
Savings and Retirement Plan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the West Jefferson Medical Center Savings and Retirement Plan (the "Plan"), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2013 and 2012, and the changes in net position held in trust for pension benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Postlethwaite & Netterville*

Metairie, Louisiana  
February 28, 2014



**WEST JEFFERSON MEDICAL CENTER**  
**SAVINGS AND RETIREMENT PLAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013 AND 2012**

The Management's Discussion and Analysis (MD&A) offers the readers of the West Jefferson Medical Center Savings and Retirement Plan ("the Plan") financial statements this narrative overview and analysis of the financial activities of the Plan for the years ended December 31, 2013 and 2012. The information presented herein should be considered in conjunction with the accompanying financial statements and the notes to the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements, which are comprised of the three components:

- Statements of Plan Net Position
- Statements of Changes in Plan Net Position
- Notes to the Financial Statements

The statements of plan net position report the Plan's assets, liabilities, and resultant net position restricted for benefits. It discloses the financial position of the Plan as of December 31, 2013 and 2012.

The statements of changes in plan net position report the results of the Plan's operations during the years ended December 31, 2013 and 2012, disclosing the additions to and deductions from the net position restricted for benefits. It supports the change that has occurred to the prior year's net position value on the statements of plan net position.

The notes to the financial statements provide additional information and insight that are essential to gaining a full understanding of the data provided in the statements.

**FINANCIAL ANALYSIS OF THE PLAN – 2013**

The Plan's net position increased by \$9,088,406 and \$5,238,470 in 2013 and 2012, respectively. The increase in the Plan's net position was primarily due to the net appreciation in fair value of investments and contributions in 2013. In 2013 and 2012, contributions from participants, rollovers, and the Medical Center's discretionary and non-discretionary contributions totaled \$5,036,367 and \$4,253,138, respectively. Benefits paid to participants and Plan expenses totaled \$2,062,113 and \$1,746,881 in 2013 and 2012, respectively.

**Condensed Statements of Net Plan Position**

	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>Change</u></b>	<b><u>Change</u></b>
Investments	\$ 36,140,888	\$ 27,325,282	\$ 8,815,606	32.3%
Participants' loans	567,843	373,729	194,114	51.9%
Receivables	1,036,038	943,166	92,872	9.8%
Total assets	37,744,769	28,642,177	9,102,592	31.8%
Total liabilities	14,186	-	14,186	100.0%
Net position	<u>\$ 37,730,583</u>	<u>\$ 28,642,177</u>	<u>\$ 9,088,406</u>	31.7%

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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The Plan's investments consist primarily of fixed income mutual funds, equity mutual funds, and money market funds, which increased by \$8,815,606 and \$5,144,963 in 2013 and 2012, respectively, primarily due to market fluctuations and contributions.

**Condensed Statements of Changes in Plan Net Position**

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Additions:				
Contributions	\$ 5,036,367	\$ 4,253,138	\$ 783,229	18.4%
Investment income	6,114,152	2,732,213	3,381,939	123.8%
Total additions	<u>11,150,519</u>	<u>6,985,351</u>	<u>4,165,168</u>	59.6%
Deductions:				
Administrative expenses	50,227	65,365	(15,138)	-23.2%
Benefits	2,011,886	1,681,516	330,370	19.6%
Total deductions	<u>2,062,113</u>	<u>1,746,881</u>	<u>315,232</u>	18.0%
Change in net position	9,088,406	5,238,470	3,849,936	73.5%
Net position, beginning of year	28,642,177	23,403,707	5,238,470	22.4%
Net position, end of year	<u>\$ 37,730,583</u>	<u>\$ 28,642,177</u>	<u>\$ 9,088,406</u>	31.7%

**FINANCIAL ANALYSIS OF THE PLAN – 2012**

The Plan's net position increased by \$5,238,470 and \$548,245 in 2012 and 2011, respectively. The increase in the Plan's net position was primarily due to the contributions in 2012. In 2012 and 2011, contributions from participants, rollovers, and the Medical Center's discretionary and non-discretionary contributions totaled \$4,253,138 and \$3,894,437, respectively. Benefits paid to participants and Plan expenses totaled \$1,746,881 and \$2,313,449 in 2012 and 2011, respectively.

**Condensed Statements of Net Plan Position**

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>Change</u>
Investments	\$ 27,325,282	\$ 22,180,319	\$ 5,144,963	23.2%
Participants' loans	373,729	326,644	47,085	14.4%
Receivables	943,166	896,744	46,422	5.2%
Total assets	<u>28,642,177</u>	<u>23,403,707</u>	<u>5,238,470</u>	22.4%
Net position	<u>\$ 28,642,177</u>	<u>\$ 23,403,707</u>	<u>\$ 5,238,470</u>	22.4%

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**SAVINGS AND RETIREMENT PLAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013 AND 2012**

The Plan's investments consist primarily of fixed income mutual funds, equity mutual funds, and money market funds, which increased by \$5,144,963 and \$808,143 in 2012 and 2011, respectively, primarily due to market fluctuations.

**Condensed Statements of Changes in Plan Net Position**

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Additions:				
Contributions	\$ 4,253,138	\$ 3,894,437	\$ 358,701	9.2%
Investment income (loss)	2,732,213	(1,032,743)	3,764,956	364.6%
Total additions	<u>6,985,351</u>	<u>2,861,694</u>	<u>4,123,657</u>	144.1%
Deductions:				
Administrative expenses	65,365	62,012	3,353	5.4%
Benefits	1,681,516	2,251,437	(569,921)	-25.3%
Total deductions	<u>1,746,881</u>	<u>2,313,449</u>	<u>(566,568)</u>	-24.5%
Change in net position	5,238,470	548,245	4,690,225	855.5%
Net position, beginning of year	<u>23,403,707</u>	<u>22,855,462</u>	<u>548,245</u>	2.4%
Net position, end of year	<u>\$28,642,177</u>	<u>\$ 23,403,707</u>	<u>\$ 5,238,470</u>	22.4%

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided herein, or requests for additional financial information, should be addressed the West Jefferson Medical Center Savings and Retirement Plan, 1101 Medical Center Boulevard, Marrero, LA 70072, (504) 347-5511.



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**STATEMENTS OF NET PLAN POSITION**  
**DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS:		
Investments, at fair value:		
Money market funds	\$ 3,195,838	\$ 3,100,310
Mutual funds	32,945,050	24,224,972
Total investments	<u>36,140,888</u>	<u>27,325,282</u>
Participants' loans	<u>567,843</u>	<u>373,729</u>
Receivables:		
Employer's contributions	942,512	872,662
Participants' contributions	93,526	70,504
Total receivables	<u>1,036,038</u>	<u>943,166</u>
Total assets	<u>37,744,769</u>	<u>28,642,177</u>
LIABILITIES:		
Participants' distributions payable	<u>14,186</u>	<u>-</u>
Total liabilities	<u>14,186</u>	<u>-</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 37,730,583</u>	<u>\$ 28,642,177</u>

See accompanying notes to financial statements.

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**STATEMENTS OF CHANGES IN PLAN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ADDITIONS TO NET POSITION ATTRIBUTED TO:		
Investment income:		
Net appreciation in fair value of investments	\$ 5,175,576	\$ 2,365,386
Dividends	914,973	348,952
Participant loan interest	23,603	17,875
	<u>6,114,152</u>	<u>2,732,213</u>
Contributions:		
Participants	2,727,178	2,481,570
Employer	1,665,113	1,544,401
Rollover	644,076	227,167
	<u>5,036,367</u>	<u>4,253,138</u>
 TOTAL ADDITIONS	 <u>11,150,519</u>	 <u>6,985,351</u>
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:		
Benefits paid to participants	2,011,886	1,681,516
Administrative expenses	50,227	65,365
	<u>2,062,113</u>	<u>1,746,881</u>
 TOTAL DEDUCTIONS	 <u>2,062,113</u>	 <u>1,746,881</u>
 NET INCREASE	 9,088,406	 5,238,470
NET POSITION - RESTRICTED		
FOR PENSION BENEFITS, Beginning of year	<u>28,642,177</u>	<u>23,403,707</u>
NET POSITION - RESTRICTED		
FOR PENSION BENEFITS, End of year	<u>\$ 37,730,583</u>	<u>\$ 28,642,177</u>

See accompanying notes to financial statements.

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**1. Plan Description**

The following description of the West Jefferson Medical Center ("WJMC") Savings and Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

*General* - West Jefferson Medical Center operates under the jurisdiction of the Parish Council of Jefferson Parish, Louisiana (the "Parish") as Jefferson Parish Hospital Service District No. 1. The Plan is a single-employer, 403(b) (tax shelter annuity) plan. It is intended to comply with Code Section 403(b) as maintained by a governmental entity and is not obligated to comply with the provisions of the Employee Retirement Income Security Act of 1974. The Plan covers all eligible employees of WJMC. On the date of hire, eligible employees can participate in making salary reduction contributions and receiving employer matching contributions. However, with respect to WJMC retirement discretionary contributions, employees are eligible to participate after having completed one (1) year of service (1,000 hours of service by the end of the first twelve consecutive months of employment or at the end of any following Plan year) and must have contributed at least 2% of their compensation unless grandfather in.

WJMC is the administrator of the Plan. Wells Fargo Bank is the custodian and Great West Retirement Services is the record keeper. The custodian has been directed and authorized to hold, invest, and reinvest the fund assets (as directed by the Plan participants) and to pay the participants' benefits due them at the direction of the Plan Administrator.

The number of participants in the Plan as of December 31, 2013 and 2012 is 1,416 and 1,434, respectively.

*Contributions* - Each year, participants may elect to defer up to 75% of their compensation, up to the maximum allowable by law. In 2013 and 2012, the maximum deferral contribution was \$17,500 and \$17,000, respectively. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions, not to exceed the maximum allowed by the Internal Revenue Code. In 2013 and 2012, the maximum catch-up contribution was \$5,500. Participants may also contribute amounts representing distributions from other qualified plans or IRAs. Participants direct the investment of their account balance into various investment options offered by the Plan. The Plan currently offers 25 mutual funds as investment options. WJMC may make matching contributions equal to 100% of the amount of the salary reduction elected for deferral by the participants up to 2% of their compensation. In addition to the matching contributions, WJMC may make an annual retirement discretionary contribution to all Plan participants who have completed one (1) year of service (1,000 hours of service by the end of the first twelve consecutive months of employment or at the end of any following Plan year) and must have contributed at least 2% of their compensation unless grandfather in. The year-end contribution percentage is based on years of service as indicated below:

<u>Years of Service</u>	<u>Percentage of Compensation</u>
1 – 9 years	2%
10 – 14 years	3%
15 – 19 years	4%
20 or more years	5%



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**1. Plan Description (continued)**

Plan participants made contributions to the Plan of \$2,727,178 and \$2,481,570 for the years ended December 31, 2013 and 2012, respectively. WJMC made contributions to the Plan of \$1,665,113 and \$1,544,401 for the years ended December 31, 2013 and 2012, respectively.

*Participant Accounts* - Each participant's account is credited with the participant's contribution and Plan earnings, and charged with an allocation of operating expenses. The allocation of expenses will be either proportionately based on the value of the account balance or as an equal dollar amount based on the number of participants in the Plan. The method of allocating the expenses depends on the nature of the expense itself.

*Vesting* - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in WJMC's matching portion and retirement contribution of their accounts plus actual earnings thereon is based upon years of credited service. A participant is 100% vested in WJMC's matching portion plus actual earnings thereon after five (5) years of credited service, and in WJMC's year end discretionary retirement contributions plus actual earnings thereon after three (3) years of credited service.

*Investment Options* - Upon enrollment in the Plan, participants may direct all contributions to any of the investment options managed by AllianceBernstein.

All contributions will be invested in AllianceBernstein Exchange Reserves Fund as a default in the event that a participant has not previously selected an allocation method.

*Forfeited Accounts* - At December 31, 2013 and 2012, forfeited nonvested accounts totaled \$73,207 and \$63,909, respectively. These accounts will be used to reduce future employer contributions.

*Payment of Benefits* - Participants will be entitled to receive payment on account of termination of service as soon as practicable following the date of termination of employment. Without regard to termination, participants will be entitled to receive payment as soon as practicable following the attainment of age 59 ½ or the normal retirement age. The form of distribution will be made in one lump-sum payment in cash subject to applicable tax withholding. Additionally, participants may elect to roll over the entire vested account balance or a portion of the vested balance into an IRA or qualified plan. Benefits rolled over into an IRA or qualified plan will not be subject to tax withholdings.

*Participant Loans* - Subject to the requirements of the Internal Revenue Service, a participant may obtain a loan from the Plan in an amount not to exceed the lesser of one-half of their vested account balance or \$50,000 and a minimum amount of \$1,000. Loan transactions are treated as transfers between the applicable investment option and the participants' loan account. Loan terms generally may not exceed five years. The loans are secured by the balance in the participant's account and bear interest at a reasonable rate as determined by the Plan Administrator. Principal and interest are paid ratably through payroll deductions.



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**1. Plan Description (continued)**

*Risks and Uncertainties* - The Plan provides for various investments in mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of the investment securities will occur in the near term.

**2. Summary of Significant Accounting Policies**

The financial statements are presented in accordance with standards established by the Governmental Accounting Standards Board (GASB).

**Basis of Accounting**

The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is recognized when earned.

**Investments**

The assets of the Plan are invested in various fixed income, equity and short-term money market funds managed by a custodian. Investments are carried at fair value as reported by the custodian. Fair values are determined using quoted market prices, as available.

Dividend income is recognized when earned.

**Administrative Expenses**

All administrative expenses of the Plan are paid by the Plan and the participants who pay quarterly record keeping fees of ten dollars.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding the reported amounts of assets and liabilities and changes in plan net position. Actual results could differ from those estimates.

**3. Investments**

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2013 and 2012, the Plan's investments were held by its custodian.

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**3. Investments (continued)**

The following table presents the fair values of participant-directed investments measured by quoted prices obtained in the active market at December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
<u>AllianceBernstein Investments, Inc.</u>		
<u>Mutual Funds</u>		
AB Balanced Wealth Strategy	\$ 1,378,488	\$ 1,155,458
AB Global Thematic Growth A	1,234,348	1,012,128
AB Global Value	322,228	228,580
AB Growth	834,668	631,589
AB Growth & Income	3,049,206 *	2,286,662 *
AB Intermediate Bond Fund	759,607	755,752
AB International Growth A	397,195	268,952
AB International Value	227,377	183,990
AB Large Cap Growth	2,562,987 *	1,709,481 *
AB Retirement Strategy - 2000	12,858	13,287
AB Retirement Strategy - 2005	208,883	210,822
AB Retirement Strategy - 2010	311,228	316,879
AB Retirement Strategy - 2015	1,296,713	1,043,909
AB Retirement Strategy - 2020	2,106,482 *	1,609,943 *
AB Retirement Strategy - 2025	3,461,341 *	2,472,203 *
AB Retirement Strategy - 2030	2,529,911 *	1,927,613 *
AB Retirement Strategy - 2035	2,862,237 *	2,087,871 *
AB Retirement Strategy - 2040	3,066,224 *	2,240,608 *
AB Retirement Strategy - 2045	2,157,222 *	1,585,591 *
AB Retirement Strategy - 2050	101,953	34,422
AB Retirement Strategy - 2055	122,310	52,328
AB Small Cap Growth	1,152,946	683,559
AB Small-Mid Cap Value	1,249,045	693,977
AB Utility Income	848,205	536,586
AB Value	370,554	225,679
AB Wealth Appreciation Strategy	98,686	63,929
AB Wealth Preservation Strategy	222,148	193,174
	<u>32,945,050</u>	<u>24,224,972</u>
<u>Money Market Funds</u>		
AB Exchange Reserves and		
Forfeiture/Asset Holding Acct.	3,195,838 *	3,100,310 *
	<u>\$ 36,140,888</u>	<u>\$ 27,325,282</u>

\* 5% or more of the Plan's investments.

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**3. Investments (continued)**

During 2013 and 2012, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in fair market value by \$5,175,576 and \$2,365,386, respectively.

**Credit Risk**

Credit risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Plan. The Plan does not have an investment policy concerning credit risk. The Plan did not have investments in debt securities at December 31, 2013 and 2012.

**Custodial Credit Risk**

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Plan's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Plan's name. The investments of the Plan at December 31, 2013 and 2012 were not subject to custodial credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan has no formal investment policy regarding interest rate risk. The Plan did not have long-term debt securities at December 31, 2013 and 2012.

**4. Plan Termination**

Although it has not expressed any intention to do so, WJMC has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event of Plan termination, participants will become 100% vested in their accounts and any unallocated amount, including forfeitures, will be allocated to all participant accounts.

**5. Tax Status**

The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**6. Related Party Transactions**

Plan investments include funds managed by Wells Fargo Bank. Wells Fargo Bank is the custodian as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions.



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**7. New Pronouncements**

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans* in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, in June 2012. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement--determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Management of the Plan is currently assessing the impact GASB Statements No. 67, No. 68 and No. 71 on the financial statements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
West Jefferson Medical Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Jefferson Medical Center Savings and Retirement Plan (the Plan) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated February 28, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netherville*

Metairie, Louisiana  
February 28, 2014